

Italy Credit Analysis

Agos S.p.A.

Ratings

Foreign Currency	
Agos S.p.A.	
Long-Term IDR	A+
Short-Term IDR	F1
Support Rating	1
Ducato SpA	
Long-Term IDR	A+
Short-Term IDR	F1
Support Rating	1
Sovereign Risk	
Foreign-Currency Long-Term IDR	AA-
Local-Currency Long-Term IDR	AA-

Outlooks

Agos S.p.A. Foreign-Currency Long-Term IDR	Stable
Ducato SpA Foreign-Currency Long-Term IDR	Stable
Sovereign Foreign-Currency Long-Term IDR	Stable
Sovereign Local-Currency Long-Term IDR	Stable

Financial Data

Agos S.p.A.

	31 Dec 08	31 Dec 07
Total assets (USDm)	24,942.5	13,217.3
Total assets (EURm)	17,922.4	8,978.5
Total equity (EURm)	1,498.8	414.1
Operating profit (EURm)	124.9	136.7
Published net income (EURm)	80.9	73.5
Comprehensive income (EURm)	80.7	73.8
Operating ROAA (%)	0.93	1.66
Operating ROAE (%)	13.06	36.38
Tangible common equity/tangible assets (%)	3.36	4.19

Analysts

Thomas Kusstatscher
+44207 682 7446
thomas.kusstatscher@fitchratings.com

Christian Scarafia
+39 02 87 90 87 212
christian.scarafia@fitchratings.com

Rating Rationale

- The ratings assigned to Agos S.p.A. (Agos) reflect potential support from its ultimate majority owner, Crédit Agricole (CA, rated 'AA-'/'F1+'/'Stable). They are based on Agos's role as the provider of consumer finance products for CA in Italy, and on its integration in CA's consumer finance subsidiary, Sofinco (rated 'AA-'/'F1+'/'Stable).
- Ducato SpA's (Ducato) Long- and Short-Term IDRs and its Support Rating are based on support from Agos, which acquired a 100% stake in December 2008. The ratings reflect the increasing integration of Ducato into Agos.
- Agos is closely integrated in Sofinco's (and CA's) operations, with strategy, risk management, controls and funding defined in close cooperation with Sofinco. Coordination with the parent's control function is being strengthened.
- Agos's performance, which does not include Ducato in 2008, was satisfactory. Despite the sluggish Italian economy, operating income benefited from loan growth. Higher funding costs put pressure on spreads, but revenue generation benefitted from commissions and fees on credit cards and, increasingly, on the sale of insurance products. Although Agos should benefit from its stronger franchise after the acquisition of Ducato, performance is likely to come under pressure from rising loan impairments in the weak domestic economy.
- As a result of the integration of Ducato and the economic recession, asset quality worsened, with impaired loans accounting for 4.76% (3.47% excluding Ducato) of gross loans at end-2008. Although the weak economy and rising unemployment are likely to result in higher impaired loans, Agos's sound credit risk management should help to manage this asset quality deterioration.
- The tangible common equity/tangible assets ratio decreased to 3.36% at end 2008, mainly as a result of the acquisition of Ducato generating significant goodwill. Capitalisation is sound, with an unconsolidated Tier 1 regulatory capital ratio of 16.52% at end-2008. As a financial institution under Art.107 of the Banking Act, Agos is subject to a minimum regulatory capital ratio of 6%.

Support

- Given the importance of Agos's role for Sofinco and for CA, Fitch considers there to be an extremely high probability that Sofinco and, ultimately, CA, would provide support for Agos, should this become necessary.

Key Rating Drivers

- Agos's Long- and Short-Term IDRs reflect its integration into Sofinco and CA; any changes to the ratings of its majority owner would be reflected in Agos's ratings. Any weakening of Agos's strategic importance to CA or integration in Sofinco – which Fitch considers unlikely – would lead to pressure on ratings.

Profile

Following the acquisition of Ducato, Agos has become Italy's largest consumer finance company, ranking first by new lending in 2008. As a result of the acquisition of Ducato, Banco Popolare (rated 'A-'/'F2'/'RWN) acquired a 39% stake in Agos in December 2008.

- Italy's largest consumer finance company after the acquisition of Ducato at end-2008
- Close integration in Sofinco
- IntesaSP's stake was sold to Sofinco in 2008 and Banco Popolare acquired a 39% stake.
- Agos and Ducato together have a 2,456-branch network

Profile

Agos was established in 1987 as Agos Service. In 1989, Sofinco acquired a 49% stake in the firm and subsequently increased its shareholding to 100% in 1993. In 1997, the company changed its name to Agos Itafinco when Banco Ambrosiano Veneto (now Intesa Sanpaolo, rated 'AA-/Stable/'F1+') became a shareholder through the merger of its subsidiary Itafinco, and the company changed its name to Agos in 2005. In May 2008, Intesa Sanpaolo sold its stake to CA. In December 2008 Agos acquired 100% of Ducato, Italy's sixth-largest consumer finance company. At the same time, Banco Popolare, the former sole owner of Ducato, bought a 39% stake in Agos. At end-2008 Agos was held 61% by Sofinco and 39% by Banco Popolare. Following the integration, Ducato, has increasingly become integrated into the business and control structures of Agos.

With the acquisition of Ducato, Agos became the largest consumer finance company in Italy, ranked first by new lending in 2008 (including Ducato), with a 14.9% market share (market share excluding Ducato: 8.4% in 2008). The consumer finance sector in Italy remains relatively fragmented, with the five largest lenders holding a market share of about 47% in H109. Foreign-owned or foreign-participated lenders are among the bigger consumer finance companies operating in Italy, with French, German and Spanish lenders having a good franchise. Following strong growth in the relatively underdeveloped Italian consumer lending market until 2007, average annual loan growth rates declined to 1.4% in 2008 from 16% between 1998 and 2006 (source: Assofin). Given the relatively low level of outstanding consumer loans relative to GDP, there should be scope for further growth in the business during the upturn following the current recession.

Within Sofinco, Agos is the largest subsidiary outside France, contributing about 49.6% to Sofinco's 2008 net income. As a result of the acquisition of Ducato, the importance of Agos to Sofinco's performance will increase even further. Italy has become a strategically important market for both CA, which acquired Cassa di Risparmio di Parma e Piacenza (Cariparma) and Banca Popolare Friuladria SpA (Friuladria) as well as a network of branches from IntesaSP in 2007, and for Sofinco, which in December 2006 acquired a 50% stake in FGA Capital S.p.a. (FGA).

Agos offers a wide range of consumer finance products and services, including product-specific loans (including auto loans), personal loans, credit cards, leasing, insurance contracts (life assurance, payment protection insurance, car insurance excluding third-party insurance and insurance for personal goods) and, from 2008, stock financing. In May 2007, Agos acquired a 51% stake in Logos, which it increased to 90% in early 2009. Logos is a company that offers consumer lending backed by salary payments ("Cessione del Quinto"). Following the acquisition of Ducato, Agos will operate in the Cessione del Quinto market also through Soluzio Quinto S.p.a. (Soluzio) a 100% subsidiary of Ducato. 2008 was the first year of operation for Credit Lift, a subsidiary 100% held by Agos to tap into the 'near-prime' segment, in line with Sofinco's strategy.

Agos distributes its products and services through its own branch network (256 branches, including Ducato's) and through the branch network of Banco Popolare (2,200 branches). The company also works very closely with the two retail banks acquired by CA in Italy in 2007 (Cariparma and Friuladria). Agos has partnership agreements with a number of car dealerships and retailers, and has a 40% stake in Carrefour Servizi Finanziari (Carrefour), the Italian financial arm of the French retail store.

Presentation of Accounts

Fitch's analysis is based on Agos's consolidated financial accounts, prepared under IFRS since 2005. The consolidated accounts include Agos's Irish reinsurance subsidiary, Ares Reinsurance Limited (end-2008 equity: EUR45.3m), and three small

equity-accounted participations (end-2008 book value: EUR6.43m). Agos does not publish interim financial statements. Given the completion date of the Ducato acquisition (22 December 2008), 2008 consolidated financial statements only include Ducato's balance sheet.

Performance

- 2009 and 2010 profitability likely to be challenged by increasing loan impairment charges
- Higher funding costs and competition place pressure on spreads

Agos's performance in 2008 remained adequate with an operating ROAE of 13% despite a 9% decline in operating profit. Agos's return on equity in 2009 was depressed by its capital increase related to the acquisition of Ducato towards the end of the year, which resulted in a sharp increase in its equity base. Ducato reported a EUR13.1mn operating loss for 2008. Higher loan impairment charges exceeded the company's pre-impairment operating profit, which increased by 20%. Operating revenue increased for both companies in 2008 driven by increased net interest income, insurance income and commissions. However, Fitch expects results for 2009 and 2010 to be affected by the weak performance of the Italian economy and the resulting rise in unemployment, which is likely to lead to higher loan impairment charges. In addition, loan growth is likely to be subdued given the economic environment, and higher business volumes had been the main driver for improved performance in the past. Pressure on spreads should reduce somewhat as a result of lower interest rates and less fierce competition. Moreover, as the largest consumer finance company in Italy Agos should benefit from its improved franchise in the market, from the funding provided by Sofinco and from access to Banco Popolare's large branch network, which offer a new and attractive distribution network to target relatively high quality customers. Structurally, further growth potential for the Italian consumer finance sector is still present given the relatively low penetration in the country, but growth rates have fallen compared with their previous peaks. The company generates commission income from credit card fees, and from fees from the sale of insurance products. Insurance revenues have grown steadily over the past few years. Commission expenses relate mainly to commissions paid to third-party dealers for the distribution of Agos's products.

Operating expenses have increased in line with business growth, and the cost/income ratio improved slightly to 44.43% in 2008. However, as the income statement for 2008 does not include Ducato, integration costs arising from the acquisition might lead to increased operating expenses in 2009. Loan impairment charges were equal to 1.05% of average gross loans in 2008. The ratio was, however affected by the consolidation of Ducato in Agos's balance sheet (the ratio for Ducato on a stand alone basis is equal to 3.17%). Excluding Ducato the ratio for Agos would be 1.41%, which compares well with its peers' (see Table 3: Asset quality). As Italy's largest provider of consumer finance, thanks to its new position, with access to expertise and new products from its parent, Agos should be able to maintain good levels of profitability in 2009 and keep operating costs under control. However, Fitch expects loan impairment charges to increase and to put operating profit under pressure.

Table 1: Performance Comparison

(%)	Agos		Findomestic Banca		Santander Consumer Bank	
	2008	2007	2008	2007	2008	2007
Operating ROAE	13.06	36.38	15.81	23.04	23.41	24.32
Pre-impairment ROA	1.90	2.69	3.33	2.92	1.63	2.17
Operating ROA	0.93	1.66	1.04	1.59	0.70	0.94
Net interest margin	2.40	3.59	5.42	5.26	0.95	1.71
Cost/income	44.43	46.93	47.35	52.65	46.04	42.35
Loans and securities impairment charges/pre-impairment operating profit	51.08	38.09	68.80	45.77	57.06	56.66
Tangible common equity/tangible assets	3.36	4.19	4.99	5.57	1.11	3.12
Total equity (EURm)	1,498.8	414.1	775.8	749.5	176.4	225.9

- Risk management integrated with Sofinco's
- Control framework organised under agreement with CA
- Deteriorating asset quality expected given rising unemployment

Core capital (EURm)	600.9	413.5	586.9	639.7	89.0	190.5
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Source: Company financial statements, Fitch

Risk Management

Agos's risk management is closely integrated into Sofinco's as the company follows its French parent's practices and has established risk management procedures in line with those of its majority shareholder. A risk control department, reporting to Agos and to Sofinco, is responsible for credit, financial, operational and compliance risks. This department works alongside the risk department. The integration of Agos into CA's risk management procedures was further strengthened in 2008 when Agos and Sofinco agreed a general framework for risk management and internal reporting. Moreover, in 2008, Agos adopted the advanced internal ratings-based approach for credit risk and the standardised approach for operational risks for the calculation of regulatory capital requirements for the consolidated Sofinco group. Since 2009, the company uses the advanced measurement approach for operational risk. Agos's regulatory capital requirements for the Italian regulator are calculated using the standardised approach for credit risk and operational risk.

Credit Risk

Agos's credit risk is measured and managed by its risk monitoring division. Agos's internal ratings models benefit from the expertise of its parent, which, together with CA, has validated all credit risk models used during the preparation for the application of the internal ratings-based approach under Basel II. Agos develops its scoring models in-house, and the company has a large database of past applications on which it bases its models. Models are reviewed regularly and results analysed, and a more stringent back-testing procedure for the models is being implemented. Furthermore, Agos benefits from having information available, either from past applications or from credit bureaux, on a large proportion of applicants. The processes used in the scoring models are reviewed by internal audit, and a department within CA reviews the statistical models used by Agos under Basel II.

Excluding the acquisition of Ducato, Agos's loan portfolio grew by 14.8% in 2008. Including Ducato, the growth is equal to 87.8%. In addition to its on-balance-sheet loan book, Agos also acts as servicer for third-party loans (mainly relating to loans distributed on behalf of Intesa Sanpaolo until 2008). The volume of these loans amounted to EUR1.1bn at end-2008, and Agos does not assume the credit risk of these exposures.

Table 2: New Lending by Product

	2008 ^a		2007		2006	
	(EURm)	(%)	(EURm)	(%)	(EURm)	(%)
Vehicle (cars, etc)	1,812.6	20.38	1,454.7	30.36	1,382.0	31.74
Other product specific	1,091.9	12.28	789.4	16.48	744.7	17.10
Personal loans	4,525.1	50.88	1,704.5	35.58	1,420.0	32.61
Mortgage loans	2.5	0.03	0.0	0.00	0.0	0.00
Credit cards	1,427.0	16.04	811.1	16.93	783.8	18.00
Leasing	33.0	0.37	31.5	0.66	24.2	0.56
Stock financing	2.4	0.03	0.0	0.00	0.0	0.00
Total	8,894.5	100.0	4,791.2	100.00	4,354.8	100.00
New loans managed for third parties (off-BS)	1,199.2		1,532.2		1,676.0	

^a 2008 figures include Ducato
Source: Company financial statements

Agos's loan portfolio is relatively well diversified by product (Table 2) and by geographic area. During 2008, about 43.9% of new loans were to customers in the north of Italy, 25.5% in central Italy and 30.7% to customers in the south. Although the average size of new loans has increased in recent years, the loan portfolio remains extremely fragmented, and the average size of new loans in H109 was just over EUR6,000, with car loans and personal loans having a larger average size of

between EUR9,000 and EUR13,500. In line with Sofinco's strategy to enter the near-prime segment, in 2007 Agos established a separate subsidiary. Italy is the only country outside of France in which the group is attempting to enter that segment. Volumes more than doubled during 2008, but their overall size remains modest (EUR93.1m at end-June 2009). Ducato no longer distributes near-prime products.

Agos's treatment of impaired loans, including its impairment policy, is in line with Sofinco group policies. Recovery activity starts after one unpaid instalment. Loan impairment is based on statistical models using product-specific default data. The company currently uses different recovery strategies depending on the product type and plans to utilise a scoring model for recovery in the future. Agos uses external recovery agencies and sells impaired loans to external groups. Non-performing assets are, on average, written off or sold after about 18-20 months. Gross impaired loans have over the years increased in line with loan growth. At end-2008 impaired loans were equal to 4.76% of gross loans, an increase of nearly 70% compared to end-2007. This jump was mainly the result of the first time consolidation of Ducato, but also reflected the deterioration of the domestic economy. Excluding impaired loans belonging to Ducato, accounting for 44% of the total, impaired loans in 2008 increased by 23%, and gross impaired loans would be equal to 3.47% of gross loans. Ducato, which has weaker asset quality than Agos, is integrating its management of problem assets into Agos's structure, which should help improve recoveries and strengthen asset quality.

At end-2008, impaired loans, including Ducato's, were 68% covered by impairment allowances, which Fitch considers somewhat weaker than peers. Excluding Ducato's impaired loans, the coverage ratio would have improved to 78%, which however would still have been somewhat lower than at end-2007. Agos applies however, a more conservative approach for the classification of impaired loans.

Table 3: Asset Quality

	Agos		Findomestic Banca		Santander Consumer Bank	
	2008	2007	2008	2007	2008	2007
Loan impairment charge/gross loans	1.05	1.07	2.33	1.38	1.03	1.27
Impaired loans/gross loans	4.76	2.82	3.26	2.20	1.90	1.37
Reserves for impaired loans/impaired loans	68.22	81.04	128.45	142.33	90.09	110.60
Impaired loans less reserves for impaired loans/equity	16.47	11.08	-14.05	-13.70	6.69	-3.76

Source: Company financial statements

Market Risk

Agos's market risk is limited to structural interest rate risk. The company uses macro-hedges to limit interest rate risk. Risk exposure is measured using a duration-weighted ratio of liabilities to assets by time bucket, and by sensitivity analysis. Fitch considers the limit for the sensitivity of the value of regulatory capital to a 200-basis point rise in the yield curve at 20% of regulatory capital relatively high, but actual exposure is well below the limit.

Operational Risk

As a consumer finance company, the main operational risks Agos is exposed to are potential fraud and non-compliance with regulations concerning products sold to its customers, including insurance products. In addition, the integration of Ducato will in Fitch's opinion give rise to potential operational risk. Operational risk management is the responsibility of the risk monitoring division, and an operational risk committee is in place. Systems used are in line with CA group policies. The planned introduction of the advanced measurement approach under the Basel II

regulations has led to regular reporting of loss events, risk indicators and mitigation projects.

The risk monitoring division is also responsible for compliance risks. A compliance function within the risk management department and an independent internal audit function are in place. CA and Sofinco are involved in internal audit inspections at Agos.

- Large proportion of funding obtained from Sofinco
- Capitalisation benefits from backing of a strong owner

Funding and Capital

Agos's funding strategy is coordinated with Sofinco, but the company is autonomous in the choice of funding. Agos receives the bulk of its funding from the CA group (mainly from Sofinco): at end-2008, around EUR13.1bn (80% of non-equity funding) was related to placements from banks and EUR2.2bn was related to senior debt outstanding. Funding from shareholders also includes a EUR120m subordinated loan. To diversify its funding sources, Agos established in 2006 a master trust structure for the securitisation of performing loans. In May 2007, the volume of the securitisation was increased to EUR1.5bn from EUR1bn. The terms of the operation include trigger events that can lead to the operation's early amortisation, but which do not include provisions for Agos to re-acquire assets sold to the master trust. As Agos retains the junior tranches of the operation, the assets have not been derecognised and remain on its balance sheet.

Agos measures its liquidity analysing the impact of a rise in its funding costs on its operating profit. The impact is calculated using a maturity ladder approach that covers a four-year period. As the company does not hold any customer deposits, it can forecast liquidity requirements relatively precisely. Although Agos does not have dedicated liquidity lines from Sofinco, in Fitch's opinion access to funding from Sofinco underpins liquidity.

To acquire Ducato, Agos increased its capital by EUR1bn in December 2008, which was provided by Banco Popolare, whose stake in Ducato was purchased by Agos for the same amount. The acquisition of Ducato generated EUR895.4m goodwill. Fitch considers Agos's tangible common equity/tangible assets ratio acceptable, at 3.36% at end-2008 as the company benefits from the backing of its strong parent. As a non-bank financial institution classified under Art.107 of the Italian banking act, until 2007 Agos was not subject to minimum regulatory capital requirements. Since 2008, the company has had to meet a minimum total regulatory capital ratio of 6%. The unconsolidated Tier 1 ratio (under the Basel II standardised approach) at end 2008 was equal to a sound 16.52%. As a non-bank financial institution, Agos is not subject to consolidated minimum regulatory capital requirements (but it is consolidated into Sofinco).

Agos S.p.A.

Income Statement

	31 Dec 2008			31 Dec 2007		31 Dec 2006		31 Dec 2005	
	Year End USDm Original	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Original	As % of Earning Assets	Year End EURm Proforma	As % of Earning Assets
1. Interest Income on Loans	952.9	684.7	4.14	570.1	6.51	469.4	6.45	400.6	7.04
2. Other Interest Income	89.5	64.3	0.39	48.7	0.56	5.3	0.07	0.2	0.00
3. Dividend Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Gross Interest and Dividend Income	1,042.4	749.0	4.52	618.8	7.06	474.7	6.52	400.8	7.04
5. Interest Expense on Customer Deposits	507.4	364.6	2.20	270.1	3.08	170.7	2.34	86.0	1.51
6. Preferred Dividends Paid & Declared	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Other Interest Expense	112.7	81.0	0.49	60.8	0.69	19.2	0.26	50.5	0.89
8. Total Interest Expense	620.1	445.6	2.69	330.9	3.78	189.9	2.61	136.5	2.40
9. Net Interest Income	422.2	303.4	1.83	287.9	3.29	284.8	3.91	264.3	4.64
10. Net Gains (Losses) on Trading and Derivatives	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Net Gains (Losses) on Other Securities	n.a.	n.a.	-	n.a.	-	0.2	0.00	n.a.	-
12. Net Gains (Losses) on Assets at FV through Income Statement	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Net Insurance Income	27.6	19.8	0.12	15.1	0.17	7.6	0.10	4.3	0.08
14. Net Fees and Commissions	190.5	136.9	0.83	114.4	1.31	86.0	1.18	56.9	1.00
15. Other Operating Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
16. Total Non-Interest Operating Income	218.1	156.7	0.95	129.5	1.48	93.8	1.29	61.2	1.08
17. Personnel Expenses	102.0	73.3	0.44	69.8	0.80	67.9	0.93	59.6	1.05
18. Other Operating Expenses	182.5	131.1	0.79	126.1	1.44	116.0	1.59	104.4	1.83
19. Total Non-Interest Expenses	284.5	204.4	1.23	195.9	2.24	183.9	2.53	164.0	2.88
20. Equity-accounted Profit/ Loss - Operating	-0.6	-0.4	0.00	-0.7	-0.01	-0.7	-0.01	-1.2	-0.02
21. Pre-impairment Operating Profit	355.3	255.3	1.54	220.8	2.52	194.0	2.66	160.3	2.82
22. Loan Impairment Charge	181.5	130.4	0.79	84.1	0.96	68.5	0.94	57.1	1.00
23. Securities and Other Credit Impairment Charges	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
24. Operating Profit	173.8	124.9	0.75	136.7	1.56	125.5	1.72	103.2	1.81
25. Equity-accounted Profit/ Loss - Non-operating	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
26. Non-recurring Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
27. Non-recurring Expense	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
28. Change in Fair Value of Own Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
29. Other Non-operating Income and Expenses	10.4	7.5	0.05	4.0	0.05	1.6	0.02	0.1	0.00
30. Pre-tax Profit	184.3	132.4	0.80	140.7	1.61	127.1	1.75	103.3	1.82
31. Tax expense	71.7	51.5	0.31	67.2	0.77	57.0	0.78	46.5	0.82
32. Profit/Loss from Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
33. Net Income	112.6	80.9	0.49	73.5	0.84	70.1	0.96	56.8	1.00
34. Change in Value of AFS Investments	-0.3	-0.2	0.00	0.3	0.00	0.2	0.00	0.1	0.00
35. Revaluation of Fixed Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
36. Currency Translation Differences	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
37. Remaining OCI Gains/(losses)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
38. Fitch Comprehensive Income	112.3	80.7	0.49	73.8	0.84	70.3	0.97	56.9	1.00
39. Memo: Profit Allocation to Non-controlling Interests	0.1	0.1	0.00	0.1	0.00	n.a.	-	n.a.	-
40. Memo: Net Income after Allocation to Non-controlling Interests	112.4	80.8	0.49	73.4	0.84	70.1	0.96	56.8	1.00
41. Memo: Dividends Relating to the Period	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-

Exchange rate

USD1 = EUR0.71855

USD1 = EUR0.67930

USD1 = EUR0.75930

USD1 = EUR0.84767

Agos S.p.A.

Balance Sheet

	31 Dec 2008			31 Dec 2007		31 Dec 2006		31 Dec 2005	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets
	Original	Original	Original	Original	Original	Original	Original	Proforma	Proforma
Assets									
A. Loans									
1. Residential Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Other Mortgage Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Other Consumer/ Retail Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Corporate & Commercial Loans	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Other Loans	22,728.6	16,331.6	91.12	8,596.4	95.74	7,185.5	96.49	5,735.8	98.63
6. Less: Reserves for Impaired Loans/ NPLs	737.5	529.9	2.96	196.2	2.19	151.5	2.03	115.8	1.99
7. Net Loans	21,991.1	15,801.7	88.17	8,400.2	93.56	7,034.0	94.46	5,620.0	96.64
8. Gross Loans	22,728.6	16,331.6	91.12	8,596.4	95.74	7,185.5	96.49	5,735.8	98.63
9. Memo: Impaired Loans included above	1,081.1	776.8	4.33	242.1	2.70	168.0	2.26	n.a.	-
10. Memo: Loans at Fair Value included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
B. Other Earning Assets									
1. Loans and Advances to Banks	664.5	477.5	2.66	267.8	2.98	187.2	2.51	32.0	0.55
2. Trading Securities and at FV through Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Derivatives	291.7	209.6	1.17	39.4	0.44	19.8	0.27	18.9	0.33
4. Available for Sale Securities	5.8	4.2	0.02	1.2	0.01	1.0	0.01	0.1	0.00
5. Held to Maturity Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. At-equity Investments in Associates	8.9	6.4	0.04	3.7	0.04	3.8	0.05	3.6	0.06
7. Other Securities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Total Securities	306.5	220.2	1.23	44.3	0.49	24.6	0.33	22.6	0.39
9. Memo: Government Securities included Above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Investments in Property	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Insurance Assets	79.2	56.9	0.32	48.2	0.54	34.2	0.46	16.2	0.28
12. Other Earning Assets	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
13. Total Earning Assets	23,041.3	16,556.3	92.38	8,760.5	97.57	7,280.0	97.76	5,690.8	97.86
C. Non-Earning Assets									
1. Cash and Due From Banks	1.1	0.8	0.00	1.2	0.01	0.7	0.01	0.7	0.01
2. Memo: Mandatory Reserves included above	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Foreclosed Real Estate	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Fixed Assets	43.3	31.1	0.17	21.0	0.23	22.5	0.30	23.6	0.41
5. Goodwill	1,249.6	897.9	5.01	n.a.	-	n.a.	-	n.a.	-
6. Other Intangibles	42.7	30.7	0.17	39.1	0.44	38.5	0.52	34.4	0.59
7. Current Tax Assets	161.6	116.1	0.65	63.8	0.71	32.5	0.44	10.8	0.19
8. Deferred Tax Assets	279.0	200.5	1.12	51.0	0.57	42.5	0.57	30.7	0.53
9. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
10. Other Assets	123.9	89.0	0.50	41.9	0.47	29.8	0.40	24.3	0.42
11. Total Assets	24,942.5	17,922.4	100.00	8,978.5	100.00	7,446.5	100.00	5,815.3	100.00
Liabilities and Equity									
D. Interest-Bearing Liabilities									
1. Customer Deposits - Current	79.5	57.1	0.32	45.4	0.51	25.8	0.35	13.3	0.23
2. Customer Deposits - Savings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Customer Deposits - Term	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
4. Total Customer Deposits	79.5	57.1	0.32	45.4	0.51	25.8	0.35	13.3	0.23
5. Deposits from Banks	18,282.8	13,137.1	73.30	6,612.8	73.65	5,738.3	77.06	5,271.5	90.65
6. Other Deposits and Short-term Borrowings	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Total Deposits, Money Market and Short-term Funding	18,362.3	13,194.2	73.62	6,658.2	74.16	5,764.1	77.41	5,284.8	90.88
8. Senior Debt Maturing after 1 Year	3,161.6	2,271.8	12.68	1,496.7	16.67	997.2	13.39	n.a.	-
9. Subordinated Borrowing	97.4	70.0	0.39	70.1	0.78	70.0	0.94	70.0	1.20
10. Other Funding	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
11. Total Long Term Funding	3,259.1	2,341.8	13.07	1,566.8	17.45	1,067.2	14.33	70.0	1.20
12. Derivatives	437.4	314.3	1.75	31.5	0.35	16.5	0.22	21.9	0.38
13. Trading Liabilities	0.1	0.1	0.00	n.a.	-	n.a.	-	n.a.	-
14. Total Funding	22,058.9	15,850.4	88.44	8,256.5	91.96	6,847.8	91.96	5,376.7	92.46
E. Non-Interest Bearing Liabilities									
1. Fair Value Portion of Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Credit impairment reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
3. Reserves for Pensions and Other	21.0	15.1	0.08	7.9	0.09	9.4	0.13	8.8	0.15
4. Current Tax Liabilities	178.0	127.9	0.71	74.8	0.83	60.6	0.81	32.1	0.55
5. Deferred Tax Liabilities	53.3	38.3	0.21	0.3	0.00	0.2	0.00	1.1	0.02
6. Other Deferred Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
7. Discontinued Operations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
8. Insurance Liabilities	220.6	158.5	0.88	115.5	1.29	73.3	0.98	37.9	0.65
9. Other Liabilities	324.8	233.4	1.30	109.4	1.22	117.8	1.58	95.1	1.64
10. Total Liabilities	22,856.6	16,423.6	91.64	8,564.4	95.39	7,109.1	95.47	5,551.7	95.47
F. Hybrid Capital									
1. Pref. Shares and Hybrid Capital accounted for as Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
2. Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
G. Equity									
1. Common Equity	2,084.2	1,497.6	8.36	412.9	4.60	337.1	4.53	263.5	4.53
2. Non-controlling Interest	1.1	0.8	0.00	0.6	0.01	n.a.	-	n.a.	-
3. Securities Revaluation Reserves	0.6	0.4	0.00	0.6	0.01	0.3	0.00	0.1	0.00
4. Foreign Exchange Revaluation Reserves	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
5. Fixed Asset Revaluations and Other Accumulated OCI	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-
6. Total Equity	2,085.9	1,498.8	8.36	414.1	4.61	337.4	4.53	263.6	4.53
7. Total Liabilities and Equity	24,942.5	17,922.4	100.00	8,978.5	100.00	7,446.5	100.00	5,815.3	100.00
8. Memo: Fitch Core Capital	836.3	600.9	3.35	413.5	4.61	337.4	4.53	263.6	4.53
9. Memo: Fitch Eligible Capital	836.3	600.9	3.35	413.5	4.61	337.4	4.53	263.6	4.53
Exchange rate	USD1 = EURO.71855			USD1 = EURO.67930		USD1 = EURO.75930		USD1 = EURO.84767	

Agos S.p.A.

Summary Analytics

	31 Dec 2008	31 Dec 2007	31 Dec 2006	31 Dec 2005
	Year End	Year End	Year End	Year End
	%	%	%	%
	Original	Original	Original	Proforma
A. Interest Ratios				
1. Interest Income on Loans/ Average Gross Loans	5.49	7.22	7.27	n.a.
2. Interest Expense on Customer Deposits/ Average Customer Deposits	710.72	758.71	870.92	n.a.
3. Interest Income/ Average Earning Assets	5.92	7.72	7.32	n.a.
4. Interest Expense/ Average Interest-bearing Liabilities	3.70	4.38	3.11	n.a.
5. Net Interest Income/ Average Earning Assets	2.40	3.59	4.39	n.a.
6. Net Int. Inc Less Loan Impairment Charges/ Av. Earning Assets	1.37	2.54	3.34	n.a.
B. Other Operating Profitability Ratios				
1. Non-Interest Income/ Gross Revenues	34.06	31.03	24.78	18.80
2. Non-Interest Expense/ Gross Revenues	44.43	46.93	48.57	50.38
3. Non-Interest Expense/ Average Assets	1.52	2.39	2.77	n.a.
4. Pre-impairment Op. Profit/ Average Equity	26.69	58.75	64.56	n.a.
5. Pre-impairment Op. Profit/ Average Total Assets	1.90	2.69	2.93	n.a.
6. Loans and securities impairment charges/ Pre-impairment Op. Profit	51.08	38.09	35.31	35.62
7. Operating Profit/ Average Equity	13.06	36.38	41.76	n.a.
8. Operating Profit/ Average Total Assets	0.93	1.66	1.89	n.a.
9. Taxes/ Pre-tax Profit	38.90	47.76	44.85	45.01
C. Other Profitability Ratios				
1. Net Income/ Average Total Equity	8.46	19.56	23.33	n.a.
2. Net Income/ Average Total Assets	0.60	0.89	1.06	n.a.
3. Fitch Comprehensive Income/ Average Total Equity	8.44	19.64	23.39	n.a.
4. Fitch Comprehensive Income/ Average Total Assets	0.60	0.90	1.06	n.a.
5. Net Income/ Av. Total Assets plus Av. Managed Assets	n.a.	n.a.	n.a.	n.a.
D. Capitalization				
1. Fitch Eligible Capital/ Regulatory Weighted Risks	n.a.	n.a.	n.a.	n.a.
2. Tangible Common Equity/ Tangible Assets	3.36	4.19	4.03	3.96
3. Tangible Common Equity/ Total Business Volume	3.18	4.18	4.01	3.94
4. Tier 1 Regulatory Capital Ratio	16.52	n.a.	n.a.	n.a.
5. Total Regulatory Capital Ratio	17.19	n.a.	n.a.	n.a.
6. Fitch Eligible Capital/ Tier 1 Regulatory Capital	n.a.	n.a.	n.a.	n.a.
7. Equity/ Total Assets	8.36	4.61	4.53	4.53
8. Cash Dividends Paid & Declared/ Net Income	n.a.	n.a.	n.a.	n.a.
9. Cash Dividend Paid & Declared/ Fitch Comprehensive Income	n.a.	n.a.	n.a.	n.a.
10. Net Income - Cash Dividends/ Total Equity	n.a.	n.a.	n.a.	n.a.
E. Loan Quality				
1. Growth of Total Assets	99.61	20.57	28.05	n.a.
2. Growth of Gross Loans	89.98	19.64	25.27	n.a.
3. Impaired Loans(NPLs)/ Gross Loans	4.76	2.82	2.34	n.a.
4. Reserves for Impaired Loans/ Gross loans	3.24	2.28	2.11	2.02
5. Reserves for Impaired Loans/ Impaired Loans	68.22	81.04	90.18	n.a.
6. Impaired Loans less Reserves for Imp Loans/ Equity	16.47	11.08	4.89	-43.93
7. Loan Impairment Charges/ Average Gross Loans	1.05	1.07	1.06	n.a.
8. Net Charge-offs/ Average Gross Loans	n.a.	n.a.	n.a.	n.a.
9. Impaired Loans + Foreclosed Assets/ Gross Loans + Foreclosed Assets	n.a.	n.a.	n.a.	n.a.
F. Funding				
1. Loans/ Customer Deposits	28,601.75	18,934.80	27,850.78	43,126.32
2. Interbank Assets/ Interbank Liabilities	3.63	4.05	3.26	0.61

Agos S.p.A.

Reference Data

	31 Dec 2008			31 Dec 2007			31 Dec 2006		31 Dec 2005	
	Year End	Year End	As % of	Year End	As % of	Year End	As % of	Year End	As % of	
	USDm	EURm	Assets	EURm	Assets	EURm	Assets	EURm	Assets	
	Original	Original	Original	Original	Original	Original	Original	Proforma	Proforma	
A. Off-Balance Sheet Items										
1. Managed Securitized Assets Reported Off-Balance Sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
2. Other off-balance sheet exposure to securitizations	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
3. Guarantees	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Acceptances and documentary credits reported off-balance sheet	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
5. Committed Credit Lines	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
6. Other Contingent Liabilities	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
7. Total Business Volume	24,942.5	17,922.4	100.00	8,978.5	100.00	7,446.5	100.00	5,815.3	100.00	
8. Memo: Total Weighted Risks	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
B. Average Balance Sheet										
Average Loans	17,346.0	12,464.0	69.54	7,891.0	87.89	6,460.7	86.76	n.a.	-	
Average Earning Assets	17,616.6	12,658.4	70.63	8,020.3	89.33	6,485.4	87.09	n.a.	-	
Average Assets	18,718.9	13,450.5	75.05	8,212.5	91.47	6,630.9	89.05	n.a.	-	
Average Managed Assets (OBS)	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Average Interest-Bearing Liabilities	16,774.8	12,053.5	67.25	7,552.2	84.11	6,112.3	82.08	n.a.	-	
Average Common equity	1,329.5	955.3	5.33	375.0	4.18	300.3	4.03	n.a.	-	
Average Equity	1,331.2	956.5	5.34	375.8	4.19	300.5	4.04	n.a.	-	
Average Customer Deposits	71.4	51.3	0.29	35.6	0.40	19.6	0.26	n.a.	-	
C. Maturities										
Asset Maturities:										
Loans & Advances < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans and Advances 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Loans & Advances > 5 years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Debt Securities > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Liability Maturities:										
Retail Deposits < 3 months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Retail Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Other Deposits > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank < 3 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 3 - 12 Months	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank 1 - 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Interbank > 5 Years	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior debt Maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Senior debt Maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Senior Debt on Balance Sheet	3,161.6	2,271.8	12.68	1,496.7	16.67	997.2	13.39	n.a.	-	
Fair Value Portion of Senior Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt maturing < 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Subordinated Debt maturing > 1 year	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Total Subordinated Debt on Balance Sheet	97.4	70.0	0.39	70.1	0.78	70.0	0.94	70.0	1.20	
Fair Value Portion of Subordinated Debt	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
D. Net Income Reconciliation										
1. Net Income	112.6	80.9	0.45	73.5	0.82	70.1	0.94	56.8	0.98	
2. Add: Preferred Stock Dividend	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Published Net Income	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
E. Equity Reconciliation										
1. Equity	2,085.9	1,498.8	8.36	414.1	4.61	337.4	4.53	263.6	4.53	
2. Add: Pref. Shares and Hybrid Capital accounted for as Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
4. Published Equity	n.a.	n.a.	-	n.a.	-	n.a.	-	n.a.	-	
Exchange Rate	USD1 = EURO.71855			USD1 = EURO.67930			USD1 = EURO.75930		USD1 = EURO.84767	

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